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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, February 7, 2002

PETITION OF

CASE NO. PUA010059

DSLNET COMMUNICATIONS VA, INC.

For approval of the indirect transfer of control

**ORDER GRANTING APPROVAL**

On November 19, 2001, DSLnet Communications VA, Inc. (“DSLnet VA” or “Petitioner”), completed a petition filed with the State Corporation Commission (“Commission”) requesting approval, pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, for the indirect transfer of control of DSLnet VA.

DSLnet VA holds certificates of public convenience and necessity to provide competitive local exchange and interexchange telecommunications services in Virginia. At this time, DSLnet VA does not have any intrastate access lines or customers in Virginia. DSLnet VA does plan to provide intrastate telecommunications services to customers in the future. DSLnet VA has its principal offices located in New Haven, Connecticut.

DSLnet VA is a wholly owned subsidiary of DSL.net, Inc. (“DSL.net”). DSL.net is a Delaware corporation engaged in a variety of unregulated businesses. DSL.net does not hold any regulatory licenses.

Vantage Point Venture Partners (“Vantage Point”), a private investment firm, currently has 33.9 percent ownership in DSL.net. Vantage Point is a family of affiliated private investment funds with more than \$2.5 billion under management.

The Petitioner seeks approval of an indirect transfer of control that will occur as the result of a private equity financing transaction of DSL.net. Pursuant to the terms of the transaction, Vantage Point will increase its ownership in DSL.net, and, therefore, increase indirect ownership in DSLnet VA, from 33.9 percent to 71.1 percent.

Pursuant to the Stock Purchase Agreement entered into between Vantage Point and DSL.net, Vantage Point will invest \$15 million in DSL.net convertible preferred stock. The transaction will consist of a total of three installments. As a result of the first installment, once converted to common stock, Vantage Point will increase its ownership in DSL.net from 33.9 percent to 56.3 percent, resulting in an indirect transfer of control of DSLnet VA. Following the second and third installments, Vantage Point’s ownership in DSL.net will increase to 64.3 percent and 71.1 percent, respectively.

Due to DSL.net’s financial situation, Petitioner also seeks expedited processing to allow DSL.net and Vantage Point to close the proposed transaction as soon as possible. The Petitioner represents that immediate receipt of the proceeds from the transaction is essential to the Petitioner’s ongoing operations.

THE COMMISSION, upon consideration of the application and representations of the Petitioner and having been advised by its Staff, is of the opinion and finds that the transaction, as described herein, involving the indirect transfer of control of DSLnet VA, will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the indirect transfer of control of DSLnet VA, as described herein.
- 2) There appearing nothing further to be done in this matter, it is hereby dismissed.